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HIU KUAN HOE

v.

SOCIÉTÉ DES PRODUITS NESTLÉ SA

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HIGH COURT MALAYA, KUALA LUMPUR
AZAHAR MOHAMED J
[ORIGINATING MOTION NO: D-25(IP)-4-2010]
21 OCTOBER 2010

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TRADE MARKS: *Registration - Opposition allowed - Appeal - Whether decision of Registrar should not be interfered - Whether appellant's use of trade mark likely to deceive or cause confusion to public - Whether marks identical with each other - Whether appellant's goods and respondent's good were the same goods or same description of goods*

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- Whether appellant discharged burden that use of mark not calculated to deceive or cause confusion - Whether appellant bona fide proprietor of the mark - Trade Marks Act 1976, ss. 19(1), 14(1)(a) & 25(1)

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The appellant was the proprietor of the mark "LottéNidoo" and was also a director and shareholder of ROP Enterprises Sdn Bhd who was the licensee of the trade mark "LottéNidoo" and the distributor of the products bearing the said mark. In order to protect the mark "LottéNidoo", on 5 June 2003 the appellant had

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filed Application No. 03006696 in Class 29 to register the said mark for "condensed sweetened milk, evaporated filled milk; full cream milk and powder; skim milk powder". The application was advertised in the Government Gazette on 24 November 2005. The respondent was one of the largest food producers and manufacturers in the world wherein it was renowned, amongst

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others, in the manufacture of milk products, food preparations having a base of milk and milk substitutes. One of the respondent's well known brands for its aforesaid goods was "Nido". "Nido" was registered to the respondent in Malaysia under Trade Mark Registration No. 02013983 for goods in Class

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29 including, amongst others, milk, cheese and other food preparations having a base of milk and milk substitutes. On 20 January 2006, the respondent filed an opposition against the appellant's application.

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On 2 June 2010, the Registrar, in finding that the appellant's "LottéNidoo" mark so nearly resembled the respondent's "Nido" mark as was likely to deceive or cause confusion, had allowed the opposition with costs. The Registrar found that the respondent

had, amongst others, succeeded in its opposition under ss. 19(1), 14(1)(a) and 25(1) of the Trade Marks Act 1976 ('the Act'). The appellant, dissatisfied with the decision of the Registrar, now appealed to this court against the whole of the decision. In deciding whether the Registrar's decision was justified, the court had to consider (i) whether the competing trade marks were identical with each other so as to likely deceive or cause confusion; (ii) whether the registration of the appellant's trade mark "LottéNidoo" was contrary to s. 14 of the Act; and (iii) whether the appellant was the rightful owner of "LottéNidoo" mark.

Held (dismissing the appeal with costs):

(1) The purpose of a trade mark is to distinguish the trader's goods or services from those of others in the same trade. In accordance with freedom of business activities, a trader is allowed to select and prefer the mark with which he intends to use. The only exception is that the freedom must not infringe upon other's legal right and entitlement over a certain mark. The prohibition against registration of a mark under ss. 19(1) and 14(1)(a) of the Act is premised on public interest, namely, the protection of the innocent purchaser. (para 24)

(2) Applying the test laid down in *Jellinek's Application*, the appellant's goods and the respondent's goods were the same or of the same description. In the first place, both related to milk and dairy products and clearly the same in nature and in composition. Secondly, the purposes of the appellant's goods and the respondent's goods were the same. Both too were meant for consumption and targeted at the same consumers. By reason that the two goods were the same in nature, used for the same purposes and were targeted at the same consumers, the trade channels through which the said products were sold and made available for purchase by consumers would be the same. The appellant's goods and the respondent's goods would be displayed for sale in the same section of the shops and might well be displayed and offered for sale side by side. (para 16)

(3) The "LottéNidoo" mark so nearly resembled the respondent's "Nido" mark as was likely to deceive or cause confusion. The mark "LottéNidoo" was confusingly similar to "Nido" notwithstanding the addition of the word "Lotte" in "LottéNidoo". (para 23)

(3a) A consumer, though noticing the additional word "Lotte" but having the recollection carried away and retained of "Nido" being the respondent's mark and goods, might well suppose that the word "Lotte" was a variation or extension added to or made by the respondent to its "Nido" mark. (para 25)

(4) The adoption and use of the "LottéNidoo" mark by the appellant, which incorporated in entirety the "Nido" mark and the single distinctive element of the respondent's mark, such that the "LottéNidoo" mark was so nearly resembling the "Nido" mark as to likely to confuse, was not by chance or sheer coincidence. The appellant had not adduced any evidence to explain his choice of the mark which wholly adopted and reproduced the respondent's "Nido" mark and the singular distinctive element of the respondent's mark. (para 32)

(5) The appellant had not discharged the burden and had not shown affirmatively that use of the "LottéNidoo" mark for the appellant's goods was not calculated to deceive or cause confusion and not likely to deceive or cause confusion. (para 34)

(6) The appellant's contention that there was no likelihood or confusion that would be generated by his use of the "LottéNidoo" mark because the "Nido" goods were presently exported from Malaysia by the respondent could not be sustained. Such a contention which restricted and limited the respondent's registered rights to exporting "Nido" goods from Malaysia when there was no such restriction or limitation on the rights granted to the respondent by the Act, could not under any circumstances be justified. (para 36)

(7) The appellant could not claim to be the *bona fide* proprietor of the "LotténIdoo" mark. The "Nido" mark was owned by and belonged to the respondent by reason of the significant and valuable reputation and goodwill acquired by the respondent in and to the "Nido" mark from its long and substantial use of the mark over the years in Malaysia and many countries around the world. (para 39)

(8) The appellant had failed to show that the Registrar had "gone clearly wrong". The Registrar's decision was justified and correct based on the facts and circumstances established by the evidence. (para 41)

Case(s) referred to:
Aristoc v. Rysta [1943] 60 RPC 108 ***(refd)***
Banham v. Reddaway [1927] AC 406 ***(refd)***
Bata Ltd v. Sim Ah Ba & Ors [2006] 3 CLJ 393 CA ***(refd)***
Caitlin Financial Corp NV v. CA Seimer (M) Sdn Bhd & Anor [2000] 1 LNS 357 HC ***(refd)***
De Cordova v. Vick Chemical Co Ltd [1951] 68 RPC 103 ***(refd)***
Eno v. Dunn [1890] 15 App Case 252 ***(refd)***
Fazaruddin Ibrahim v. Parkson Corporation Sdn Bhd [1997] 2 CLJ 863 HC ***(refd)***
Jellinek's Application [1946] 63 RPC 59 ***(refd)***
McLaren International Ltd v. Lim Yat Meen [2008] 1 CLJ 613 CA ***(refd)***
Pianotist Co's Application [1906] 23 RPC 774 ***(refd)***
Reckitt & Colman (Australia) Ltd v. Boden [1945] 70 CLR 84 ***(refd)***
Saville Perfumery Pty Ltd v. June Perfect Ltd [1941] 58 RPC 147 ***(refd)***
Smith Hayden & Co Ltd's Application [1946] 63 RFC 97 ***(refd)***
Solavoid Trade Mark [1977] RPC 1 ***(refd)***
Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd [1997] 1 CLJ Supp 52 HC ***(refd)***
Walton International Ltd v. Yong Teng Hing; Pendaftar Cap Dagangan, Malaysia (Interested Party) [2010] 8 CLJ 802 CA ***(refd)***

Legislation referred to:
Rules of High Court 1980, O. 87
Trade Marks Act 1976, ss. 14(1)(a), 19(1)(a), (b), 19(2), 25(1), 28(5), (6), 71(1)

For the appellant - Surendran Subramaniam; M/s Suren & Ragu
For the respondent - Linda Wang (HL Puah with her); M/s Tay & Partners

Reported by Kumitha Abdul Majid

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JUDGMENT

Azahar Mohamed J:

[1] This is an appeal by Hiu Kuan Hoe (the appellant) pursuant to s. 28(5) and (6) of the Trade Marks Act 1976 (the Act) and O. 87 of the Rules of High Court 1980 against the decision of the Registrar of Trade Marks, Malaysia (the Registrar) dated 2 June 2010 allowing Société Des Produits Nestlé SA's Notice of Opposition filed against the appellant's trade mark application to register the trade mark "LottéNidoo".

[2] The appellant is the proprietor of the mark "LottéNidoo". The appellant is also a director and shareholder of ROP Enterprises Sdn Bhd who is the licensee of the trade mark "LottéNidoo" and the distributor of the products bearing the said mark. In order to protect the mark "LottéNidoo", on 5 June 2003 the appellant filed Application No. 03006696 in Class 29 to register the said mark for "condensed sweetened milk, evaporated filled milk; full cream milk and powder; skim milk powder". The application was advertised in the Government Gazette on 24 November 2005.

[3] Société Des Produits Nestlé SA (the respondent) is one of the largest food producers and manufacturers in the world. It is renowned, amongst others, in the manufacture of milk products, food preparations having a base of milk and milk substitutes. One of the respondent's well known brands for its aforesaid goods is "Nido". "Nido" is registered to the respondent in Malaysia under Trade Mark Registration No. 02013983 for goods in Class 29 including, amongst others, milk, cheese and other food preparations having a base of milk and milk substitutes. On 20 January 2006, the respondent filed opposition against the appellant's application.

[4] On 2 June 2010, the Registrar handed down his decision in respect of the respondent's opposition proceedings wherein the Registrar allowed the opposition with costs. The Registrar found that the respondent had amongst others, succeeded in its opposition under s. 19(1) of the Act; s. 14(1)(a) the Act; and s. 25(1) of the Act.

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[5] The appellant being dissatisfied with the decision of the Registrar has now appealed to this court against the whole of the decision.

[6] To begin with, it is important to consider briefly the relevant principles of law in so far as it is relevant to the present appeal. In the first place, it is for the appellant to justify the registration of his trade mark by showing affirmatively that his mark is not calculated to deceive or cause confusion (see: *Aristic v. Rysta*" [1945] 62 RPC 65 and *Eno v. Dunn* [1890] 15 App Case 252). Secondly, the court should give weight to the decision of the Registrar who is entrusted with the duty of making such decision. One of the Registrar's duty is to ensure that there should be no two similar marks registered if it might cause confusion and deception to the public. Since the law has placed upon the Registrar such discretion and if the Registrar has made an evaluation before exercising his discretion then due weight should be accorded to his decision (see: *Solavoid Trade Mark* [1977] RPC 1, *Bata Ltd v. Sim Ah Ba & Ors* [2006] 3 CLJ 393). And thirdly, although it is true that an appeal lies from the decision of the Registrar, unless he has gone clearly wrong, his decision ought not to be interfered with (See *Banham v. Reddaway* [1927] AC 406).

Section 19(1) Of The Trade Marks Act 1976

[7] I turn now to the issue whether the registration of the appellant's trade mark "LottéNidoo" would be contrary to s. 19 of the Act. It is necessary to keep in mind that the Registrar found that the appellant's trade mark "LottéNidoo" and the respondent's trade mark "NIDO" marks are not identical. After having found that the marks are not identical, the Registrar went on to consider if the marks are so nearly resembling coming within s. 19(1)(b) of the Act. The Registrar decided on this issue as follows:

> Taking into account all the relevant factors, and since I have reached the conclusion that the goods of the parties are goods of the same description, the similarities found in the respective trade marks are such that there will be likelihood of deception or confusion to the purchasing public and will cause a number of persons to wonder if the two products came from the same source. Hence, the Opponent succeeds in their opposition under section 19(1) of the Trade Marks Act 1976.

[8] Learned counsel for the appellant argued that the Registrar erred in law and/or in fact when he failed to completely and/or appropriately consider the paramount element in s. 19(1) of the Act ie, whether the competing trade marks are "identical" with each other so as to likely deceive or cause confusion. Learned counsel argued that the Registrar failed to do so in respect of whether the appellant's trade mark "LottéNidoo" and the respondent's trade mark "Nido" are similar trade marks so as to likely deceive or cause confusion and consequently failing to make a finding that the appellant's trade mark "LottéNidoo" is not in any way identical or similar to the respondent's trade mark "Nido" so as to likely deceive or cause confusion.

[9] Now, s. 19(1) of the Act provides:

> No trade mark shall be registered in respect of any goods or description of goods:
>
> (a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or
>
> (b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

[10] The words "such a trade mark" in s. 19(1)(b) would mean the "trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods" referred to in s. 19(1)(a). Sub-section 19(1) and (2) prohibit the registration of a trade mark that is either identical with a trade mark belonging to a different proprietor, or so closely resembles it as to be likely to deceive or cause confusion, where that other trade mark is entered in the register in respect of goods or services of the same description or services that are closely related to those goods as those of the application to register. In so far as it is relevant to the present case, by the application of s. 19(1), the application will not be allowed registration if:

(a) the "LottéNidoo" mark is identical with the respondent's mark or so nearly resembling the respondent's mark as is likely to deceive or cause confusion; and

(b) the appellant's goods are the same goods or the same description of goods as the respondent's goods. A

[11] It is true, as argued by learned counsel for the appellant, that by comparing the appellant's trade mark "LottéNidoo" and the respondent's trade mark "Nido", the following observation can be made: B

(i) the appellant's trade mark as a whole is for the stylized form of the word, "LottéNidoo", whereas the respondent/opponent's trade mark as a whole is for the plain form of the word "Nido"; C

(ii) the appellant's trade mark "LottéNidoo" contains ten alphabetical characters in its word, whereas the respondent/opponent's trade mark "Nido" contains only four alphabetical characters in its word; D

(iii) the appellant's trade mark "LottéNidoo" contains a prefix/a beginning and a suffix/an ending which are completely different from the respondent/opponent's trade mark "Nido";

(iv) the appellant's trade mark "LottéNidoo" is polysyllabic whereas the respondent/opponent's trade mark "Nido" is only duo syllabic; E

[12] Hence, learned counsel for the appellant argued that the appellant's trade mark "LottéNidoo" is not in any way identical or similar to the respondent's trade mark "Nido" so as to likely deceive or cause confusion. F

[13] In countering this argument, learned counsel for the respondent pointed out, I think quite rightly, that the test in determining if a mark so nearly resembles another as is likely to deceive or cause confusion is not confined to examining the look and sound of the respective marks but to look at all the surrounding circumstances. She then brought to my attention the case of *Pianotist Co's Application* [1906] 23 RPC 774 at 777, where Parker J stated the following fundamental principle of law: G H

> You must take the two words or devices. You must judge of them both by their look and by their sound. You must consider the goods or services to which they are to be applied. You must consider the nature and kind of customer who would be likely to I

A buy those goods or services. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of these trade marks is used in the normal way as a trade mark for the goods or services of the respective owners of the marks. If, considering all those
B circumstances, you come to the conclusion that there will be a confusion that is to say, not necessarily that one man will be injured and the other will gain illicit benefit but that there will be a confusion in the mind of the public, which will lead to confusion in the goods or services then you may refuse registration, or rather you must refuse the registration in that case.

C

[14] To my mind, in making the finding that the "LotténIdoo" mark so nearly resembles the respondent's "Nido" mark as is likely to deceive or cause confusion, the Registrar had properly considered all the relevant factors and surrounding circumstances
D as well the goods to which the marks are applied. The Registrar found that the appellant's goods and the respondent's goods are the same goods or same description of goods.

[15] Now, in deciding whether goods are the same or of the
E same description, Romer J in *Jellinek's Application* [1946] 63 RPC 59 laid down the factors to be evaluated as follows:

(a) the nature and composition of the goods;

(b) the respective uses or purposes of the articles; and

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(c) the trade channels through which the goods respectively are bought or sold.

[16] Applying the test laid down in *Jellinek's Application*, in my view, the appellant's goods and the respondent's goods are the
G same or of the same description. My reasons are as follows. In the first place, both the appellant's goods and the respondent's goods relate to milk and dairy products, the said goods are clearly the same in nature and in composition. Secondly, the purposes of the appellant's goods and the respondent's goods are the same.
H Both the appellant's goods and the respondent's goods are meant for consumption and are targeted at the same consumers, namely, consumers who consume milk and dairy products. By reason that the appellant's goods and the respondent's goods are of the same nature, used for the same purposes and are targeted at the same
I consumers, the trade channels through which the said products

are sold and made available for purchase by consumers will be and are the same. The appellant's goods and the respondent's goods would be displayed for sale in the same section of the shops and may well be displayed and offered for sale side by side. As such, the Registrar's decision in concluding that the appellant's goods and the respondent's goods are goods of the same description is correct.

[17] It is also necessary to consider that the "Nido" mark has been used by the respondent in France since as early as 1939. Since then, the "Nido" mark has been continuously, substantially and extensively used by the respondent and its licensees in Malaysia and many countries worldwide. The respondent has sold and continues presently to sell the respondent's goods bearing the "Nido" mark in about 80 countries world wide and the global annual turnover under the "Nido" brand exceeds one billion Swiss francs.

[18] More than that, the respondent had already used the "Nido" mark continuously and substantially in Malaysia since at least 2002. Exhibit MSH4 are random copies of shipping invoices and sales invoices showing substantial sales and distribution of the Respondent's goods bearing the "Nido" mark by Nestle Foods (Malaysia) Sdn Bhd ("Nestle Foods") and Nestle Manufacturing (Malaysia) Sdn Bhd ("Nestle Manufacturing") since 2002. Both Nestle Foods and Nestle Manufacturing are associated companies of the respondent in Malaysia and authorised by the respondent to use the "Nido" mark. The associated companies have been authorised by the respondent to use the "Nido" mark including applying the mark on to packaging of goods, to manufacture, pack, export, commercially distribute or to otherwise deal by way of trade in goods bearing the "Nido" trade mark. The use of the "Nido" mark by the associated companies in Malaysia is use by and attributable to the respondent (see: *McLaren International Ltd v. Lim Yat Meen* [2008] 1 CLJ 613). By virtue of s. 71(1) of the Act, the use evidenced by exh. "MSH4" must for the purpose of the Act, be deemed to constitute use in Malaysia of the "Nido" mark in relation to the respondent's goods. For this reason, the established and un-rebutted evidence shows that that the respondent has used the "Nido" mark in Malaysia since 2002. Indeed, the respondent is the first and prior user of the "Nido" mark in Malaysia and such use predates the appellant's use of the "LottéNidoo" mark.

[19] Against this background, the appellant's application to register the "LottéNidoo" mark was filed on 5 June 2003. The evidence produced by the appellant does not show any use of the "LottéNidoo" mark before 5 June 2003, the filing date of the application. Thus, as at the filing date, 5 June 2003, there was no use of the "LottéNidoo" mark and the appellant can claim no reputation or goodwill to the "LottéNidoo" mark as at the filing date. The earliest evidence produced by the appellant is after the filing date.

[20] Now, I do not think it can be disputed that generally consumers do not recall or remember every detail of the trade marks they know. As a result, they may confuse or fail to differentiate a similar mark with the one they know even if there is minor and insignificant disparity among them. The principle is known in case law as the doctrine of imperfect recollection and applies equally to word, device and composite marks. Luxmoore, LJ discussed this principle in *Aristoc v. Rysta* [1943] 60 RPC at p. 108 as follows:

> The answer to the question of whether the sound of one word resembles too nearly the sound of another ... must nearly always depend on the first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word, and has perhaps an imperfect recollection of it who is likely to be deceived. Little assistance therefore is to be obtained from a meticulous comparison of the two words, letter-by-letter and syllable-by-syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description but also of the shop assistance ministering to that person's wants.

[21] If consumers remember a mark by some feature in it, they are likely to confuse it with another mark, which adopts that essential feature (see: *Saville Perfumery Pty Ltd v. June Perfect Ltd* [1941] 58 RPC 147). It was also held in *Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd* [1997] 1 CLJ Supp 52 that the following elements are to be taken into account in deciding if a mark has the similarity with another as is likely to deceive or cause confusion:

(a) the idea of the mark;

(b) the elements of the mark are to be taken as a whole;

(c) imperfect recollection;

(d) ear as well as eye to be considered; and

(e) variations which might well be supposed to be made by owners.

[22] In *De Cordova v. Vick Chemical Co Ltd* [1951] 68 RPC 103, the Privy Council said that marks are remembered rather by general impressions or by some significant detail rather than by any photographic recollection of the whole.

[23] Returning to the present case and going by these principles, in my view, the "LottéNidoo" mark so nearly resembles the respondent's "Nido" mark as is likely to deceive or cause confusion. My reasons now follow. The starting point is the respondent's trade mark, "Nido". The recollection carried away and retained of the respondent's mark and goods will be "Nido". The only leading essential element and characteristic of the respondent's mark is "Nido". On that note, it is pertinent to observe that this element and characteristic have been adopted and incorporated in entirety in the appellant's "LottéNidoo" mark. This must be emphasized as a consumer having the recollection carried away and retained of the "Nido" mark will be left to wonder or wrongly to suppose that the appellant's and respondent's goods came from the same source or are connected or associated or that the appellant's goods are a variation or extension of the respondent's "Nido" goods. In this way, such a consumer seeing or coming across the "LottéNidoo" mark or goods will or will likely believe, mistakenly, that the marks are the same or somehow associated or connected. All the more so, because "Nido" is not of a readily known meaning, it has a high level intrinsic distinctiveness. The word does not have a readily known or recognized meaning. In this manner, it is definitely and at once remembered when seen or heard by members of the trade and buying public. The point to make here is this: when coming across the appellant's mark which wholly adopts and incorporates the respondent's "Nido" mark, it is very probable and likely that the marks would mistakenly be supposed or believed to be the

same or to be associated or connected or to be a variation or extension of the other, particularly, when "Nido" and "Nidoo" look and sound almost identical. What is more, there is no acceptable reason for the appellant to deliberately choose and use the word Nidoo in "LottéNidoo". It cannot be said that the word "Nidoo" was an inevitable and only natural choice of wordings to describe or identify the appellant's goods. To that extent, there is justification in the argument of learned counsel for the respondent that the appellant in his choice of the mark applied for is taking unfair advantage of the respondent's established reputation and goodwill in and to the "Nido" mark in Malaysia and countries around the world. All of these go to show, to my mind, that the mark "LottéNidoo" is confusingly similar to "Nido" notwithstanding the addition of the word "Lotte" in "LottéNidoo".

[24] The purpose of a trade mark is to distinguish the trader's goods or services from those of others in the same trade. It is true that in accordance with freedom of business activities, a trader is allowed to select and prefer the mark with which he intends to use. The only exception in this regard is that the freedom must not infringe upon other's legal right and entitlement over a certain mark. In this very context, I agree with the submission of learned counsel for the respondent to the effect that the prohibition against registration of a mark under s. 19(1) and also under s. 14(1)(a) is premised on public interest, namely, the protection of the innocent purchaser.

[25] Should the "LottéNidoo" mark be granted registration, there is nothing restrict or prohibit the appellant from giving greater emphasis and prominence to the word "Nidoo" when used in trade. This will serve to reinforce the mistaken belief that the appellant's goods and the respondent's goods are the same or somehow associated or connected by reason of a consumer having recollection carried away and retained of "Nido" being the respondent's mark and goods. Bearing all these matters in mind, a consumer, though noticing the additional word "Lotte" but having the recollection carried away and retained of "Nido" being the respondent's mark and goods, might well suppose that the word "Lotte" is a variation or extension added to or made by the respondent to its "Nido" mark.

[26] As stated by KG Vohrah J (as he then was) in *Caitlin Financial Corp NV v. CA Seimer (M) Sdn Bhd & Anor* [2000] 1 LNS 357:

> Two marks when placed side by side may exhibit many and various differences yet the main idea left on the mind is one and the same. The leading characteristic of each mark is to be considered; and if the mark comes to be remembered by some feature in which it strikes the eye, then confusion is likely to result if that feature is adopted in the mark of another.

[27] That being the case, the Registrar's finding that the "LottéNidoo" mark so nearly resembles the respondent's "Nido" mark as is likely to deceive or cause confusion is therefore correct. The appellant has not shown by any means that no such confusion or deception is likely. On this issue, I conclude by saying that the Registrar has properly and correctly considered and applied the provisions of s. 19(1) of the Act in allowing the opposition with costs.

Section 14(1)(a) Of The Trade Marks Act 1976

[28] I now move on to consider the issue whether the registration of the appellant's trade mark "LottéNidoo" would be contrary to s. 14. It is the decision of the Registrar that the respondent has also succeeded in its opposition under this provision. Section 14(1)(a) states:

> A mark or part of a mark shall not be registered as a trade mark if the use of which is likely to deceive or cause confusion to the public or would be contrary to law.

[29] In the recent Court of Appeal case of *Walton International Ltd v. Yong Teng Hing; Pendaftar Cap Dagangan, Malaysia (Interested Party)* [2010] 8 CLJ 802 (Civil Appeal No. W-02-685-2008), Ramly Ali JCA laid out the prohibition against registration under s. 14(1)(a) as follows:

> ... The wording of the provisions shows that the prohibition for registration under s. 14(1)(a) may fall under any of the three elements namely:
>
> (a) the use of it is likely to deceive;
>
> (b) the use of it is likely to cause confusion to the public; or
>
> (c) the use of it would be contrary to law.

[30] In deciding if the use of the "LottéNidoo" mark will likely deceive or cause confusion, following the test laid down in *Smith Hayden & Co Ltd's Application* [1946] 63 RFC 97, the following question then arises: Having regard to the respondent's substantial and continuous prior use of the "Nido" mark, is the Registrar satisfied that the appellant's "LottéNidoo" mark, if used in respect of the appellant's goods, is not likely to deceive or cause confusion to a substantial number of persons? Registration is to be refused if the Registrar is not so satisfied.

[31] In addressing the above question, it must be kept in mind that the respondent was the first user of the "Nido" mark in Malaysia. This point has already been made earlier but deserved to be reiterated. The respondent has established *via* unchallenged documentary evidence that the respondent and its associated companies have used the "Nido" mark in Malaysia for the respondent's goods since 2002. Outside Malaysia, the "Nido" mark has been used for the respondent's goods for a very long time, since 1939. The appellant admits that his use and adoption of the "LottéNidoo" mark was later, in 2003. The appellant, who has been engaged in the same business, must have been aware of the "Nido" mark and the respondent's goods bearing the "Nido" mark which were widely available in many markets before any adoption or use of the "LottéNidoo" mark by the appellant.

[32] In my view, the adoption and use of the "LottéNidoo" mark by the appellant, which incorporates in entirety the "Nido" mark and the single distinctive element of the respondent's mark, such that the "LottéNidoo" mark is so nearly resembling the "Nido" mark as to likely to confuse, are not by chance or sheer coincidence. The appellant has not adduced any evidence to explain his choice of the mark which wholly adopts and reproduces the respondent's "Nido" mark and the singular distinctive element of the respondent's mark. To my mind, the word "Lotte" has little inherent distinctiveness when used for the appellant's goods. There is no evidence to show that the appellant has acquired distinctiveness in and to the word "Lotte" for the appellant's goods at as the filing date of the application. Accordingly, the part of the appellant's mark which is inherently distinctive is the word "Nidoo". "Nidoo" is almost identical to and a close copy of the respondent's "Nido" mark.

[33] In *Walton International Limited*, our Court of Appeal reiterated that the onus of satisfying the Registrar that no such likelihood of deception and confusion rests on the person applying for registration.

[34] In the present case, in my view, the appellant has not discharged the burden and has not shown affirmatively that use of the "LottéNidoo" mark for the appellant's goods is not calculated to deceive or cause confusion and not likely to deceive or cause confusion. I have already expressed my view that it is highly likely that member of the public will wonder if the appellant's goods bearing the "LottéNidoo" mark and the respondent's goods bearing the "Nido" mark share the same source of origin or if the appellant's goods are somehow associated or connected or are an extension or variation of the respondent's goods.

[35] Moreover, the "Nido" mark is a registered trade mark in Malaysia. The respondent as owner thereof is entitled to exclusively use the "Nido" mark for the registered goods in Malaysia. Such entitlement means that the respondent is entitled to use the "Nido" mark by applying them on to goods for export from Malaysia and to sell and deal in the "Nido" goods by way of trade in the market in Malaysia. In the Australian case of *Reckitt & Colman (Australia) Ltd v. Boden* [1945] 70 CLR 84, the High Court said:

> It is not enough for the applicant to negate the likelihood of confusion in relation to the actual trade carried on by the opponent at the time of the registration and to the manner in which the latter uses his work. The applicant must also take into account all legitimate use of which the opponent may reasonably make of his mark within the ambit of his registration. Conversely, he must exclude the possibility of future deceptive or confusing uses of the mark for which he is applying ... .

[36] In my view, the appellant's contention that there is no likelihood or confusion that will be generated by his use of the "LottéNidoo" mark because the "Nido" goods are presently exported from Malaysia by the respondent cannot be sustained. Such a contention which restricts and limits the respondent's registered rights to exporting "Nido" goods from Malaysia when there is no such restriction or limitation on the rights granted to the respondent by the Act, cannot under any circumstance be

justified. Such a contention by the appellant fails to take into account all legitimate uses of which the respondent may reasonably make of the "Nido" mark within the ambit of the respondent's registered rights and must thus be rejected.

[37] Consequently, I hold that the appellant's "LottéNidoo" mark is therefore prohibited from registration by s. 14(1)(a) of the Act. On this issue, I conclude that there is no error in law and/or in fact with regard findings by the Registrar in connection with s. 14(1)(a).

Section 25(1) Of The Trade Marks Act 1976

[38] That leaves me to deal with the issue whether the appellant is the rightful owner of the "LottéNidoo" mark. In finding that the appellant was not the *bona fide* proprietor of the "LottéNidoo" mark and not justified in making a claim of proprietorship under s. 25(1) of the Act, the Registrar relied on the fact that the appellant was not the first and prior user having rights in priority over the respondent. Based on unrebutted established facts, the Registrar found that the respondent was already using the "Nido" mark in Malaysia when the appellant filed the application to register the "LottéNidoo" mark. The Registrar relied on the basic common law principle enunciated in *Fazaruddin Ibrahim v. Parkson Corporation Sdn Bhd* [1997] 2 CLJ 863 that the first person who uses a trade mark of an appropriate type within a country becomes the proprietor of the mark.

[39] In my view, the appellant cannot claim to be the *bona fide* proprietor of the "LottéNidoo" mark. The "Nido" mark is owned by and belongs to the respondent by reason of the significant and valuable reputation and goodwill acquired by the respondent in and to the "Nido" mark from its long and substantial use of the mark over the years in Malaysia and many countries around the world.

[40] For all these reasons, the Registrar has not erred in law and/or in fact in relation to s. 25(1) in finding that the appellant is not the *bona fide* proprietor of the "LottéNidoo" mark.

Conclusion

[41] Therefore, to sum it up, based on all the previous mentioned reasons, on the whole, the appellant has failed to show the Registrar having "gone clearly wrong". To the contrary, I am more inclined to say that the Registrar's decision is justified and correct based on the facts and circumstances established by the evidence. That is why there is no basis for disturbing or interfering with the Registrar's decision. Therefore, the appellant's appeal is dismissed with costs.